

FY 2006-07 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants.

B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 05-06 Adopted	FY 06-07 Requested	Percent Change	FY 05-06 Adopted	FY 06-07 Requested	Percent Change
Operations	\$378,200	\$420,534	11.19%	\$22,022	\$30,773	39.74%
Construction	441,000	487,483	10.54%	423,500	431,483	1.89%
TOTAL:	\$819,200	\$908,017	10.84%	\$445,522	\$462,256	3.76%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 04-05 Actual	FY 05-06 Budget Estimate	FY 05-06 Revised Estimate	FY 06-07 Projected	Change from FY 05-06 Budget Estimate
Total ESDs	560	536	546	549	2.43%
Total APNs	837	837	837	837	0.00%

E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities are disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The requested rate per ESD for FY 06-07, annual sewer service charge, is \$716, representing a 6.0% increase from FY 05-06.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Section/Index No: 678102

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$347,328	\$377,361	\$30,033	8.65%
1061 Flat Charges - PY	3,000	3,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$350,928	\$380,961	\$30,033	8.56%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$5,250	\$8,800	\$3,550	67.62%
Subtotal Use of Money	\$5,250	\$8,800	\$3,550	67.62%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$0	\$0	\$0	N/A
Subtotal Charges for Services	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$356,178	\$389,761	\$33,583	9.43%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$5,000	\$5,000	\$0	0.00%
6180 Maintenance - Bldgs / Imp	45,000	45,000	0	0.00%
6522 District Services	40,000	45,000	5,000	12.50%
6540 Contract Services	160,000	170,000	10,000	6.25%
6573 Administration Costs	3,200	3,500	300	9.38%
6610 Legal Services	10,000	5,000	(5,000)	(50.00%)
6630 Audit / Accounting Services	1,000	1,034	34	3.40%
7212 Chemicals	2,000	2,000	0	0.00%
7217 State Permits / Fees	15,000	15,000	0	0.00%
7320 Utilities	32,000	32,000	0	0.00%
Subtotal Services and Supplies	\$313,200	\$323,534	\$10,334	3.30%

OTHER CHARGES

7980 Depreciation	\$50,000	\$30,000	(\$20,000)	(40.00%)
Subtotal Other Charges	\$50,000	\$30,000	(\$20,000)	(40.00%)

FIXED ASSETS

8510 Building / Improvements	\$0	\$0	\$0	N/A
Subtotal Fixed Assets	\$0	\$0	\$0	N/A

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$0	\$50,000	\$50,000	N/A
<i>Subtotal Other Financing Uses</i>	\$0	\$50,000	\$50,000	N/A
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$15,000	\$17,000	\$2,000	13.33%
<i>Subtotal Approp. for Contin.</i>	\$15,000	\$17,000	\$2,000	13.33%
<u>TOTAL EXPENDITURES</u>				
	\$378,200	\$420,534	\$42,334	11.19%
<u>TOTAL NET COST</u>				
<i>(Expenditures Minus Revenues)</i>	\$22,022	\$30,773	\$8,751	39.74%

FY 2006-07 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Sea Ranch - Operations

Character Title: Taxes

Character No.: 678102-10

1001 Flat Charges - CY

Flat charge revenue from annual sewer service charges is expected to increase from the adopted FY 05-06 budget. The rate will increase 6.0%, from \$675 to \$716.

ESDs times annual rate:	549 x \$716	\$393,084
Less Estimated Delinquency Factor:	4%	(15,723)
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		\$377,361

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$220,000
Projected Interest Rate	<hr/> 4.00%
Projected/Planned Interest on Pooled Cash	\$8,800

Character Title: Charges for Service

Character No.: 678102-30

3400 Sanitation Services

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

6040 Communications

This account records expenses paid by the Zone for outside communication and wireless services, as well as for the cost of alarm services provided by Honeywell.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

6522 District Services

This account records the cost of Agency labor and overhead associated with the operation, maintenance, and administration of the Zone's facilities and equipment, as well as other related service and supply items. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations.

6540 Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

Audit/Accounting Services covers the cost of the annual audit and accounting services provided by the Auditor-Controller's Office.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the requirements of the Zone's operating permit (waste discharge requirements), as required by the North Coast Regional Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Fixed Assets

Character No.: 678102-85

8510 Buildings / Improvements

This account is used for maintenance of facilities and equipment. No funds will be budgeted for FY 06-07.

Character Title: Other Financing Uses

Character No.: 678102-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Appropriations for Contingencies

Character No.: 678102-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Operations

Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$177,426	\$264,363	\$247,938
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	350,131	361,247	389,761
Expenditures - (Decrease) fund balance	(311,867)	(424,669)	(420,534)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	38,264	(63,422)	(30,773)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	46,998	46,997	30,000
Change in Encumbrance	1,675	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	48,673	46,997	30,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$264,363	\$247,938	\$247,165
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$86,936	(\$16,425)	(\$773)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$190,910	\$274,617	
Accounts Receivable	5,997	5,874	
Accounts Payable	(16,402)	(14,725)	
Encumbrance	(3,079)	(1,403)	
Total Beginning Fund Balance	\$177,426	\$264,363	

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Section/Index No: 678300

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$17,500	\$6,000	(\$11,500)	(65.71%)
Subtotal Use of Money	\$17,500	\$6,000	(\$11,500)	(65.71%)

ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Administrative Control	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$0	\$50,000	\$50,000	N/A
Subtotal Other Financing Sources	\$0	\$50,000	\$50,000	N/A

TOTAL REVENUES	\$17,500	\$56,000	\$38,500	220.00%
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$401,000	\$447,483	\$46,483	11.59%
9142 Capital Replacement Program	40,000	40,000	0	0.00%
Subtotal Fixed Assets	\$441,000	\$487,483	\$46,483	10.54%

TOTAL EXPENDITURES	\$441,000	\$487,483	\$46,483	10.54%
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TOTAL NET COST	\$423,500	\$431,483	\$7,983	1.89%
<i>(Expenditures Minus Revenues)</i>				

FY 2006-07 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 678300-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$150,000
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$6,000

Character Title: Administrative Control

Character No.: 678300-42

4200 ENT- LTD Proceeds

Due to the delay in the treatment plant consolidation revenue bonds will not be issued until FY 07-08.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200 ENT - LTD Proceeds.

Character Title: Other Financing Sources

Character No.: 678300-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 678300-85

8510 Buildings / Improvements

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The budgeted items consist of environmental, engineering design, and construction work for the consolidation of the treatment plants. The following projects are planned for the forth coming year:

Building/Improvement	Amount
Treatment Plant Consolidation	<u>\$ 407,483</u>
Total	<u><u>\$ 407,483</u></u>

9142 Capital Improvement

The amount requested for the forthcoming year is intended to be used for the replacement of electrical and mechanical equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Sea Ranch - Construction
Index No.: 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$1,048,685	\$807,299	\$468,859
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	91,846	28,512	56,000
Expenditures - (Decrease) fund balance	(174,841)	(366,952)	(487,483)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(82,995)	(338,440)	(431,483)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrances	(136,967)	-	-
Capitalized Interest	(21,424)	-	-
Revenue Bond Proceeds	-	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	(158,391)	-	-
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$807,299	\$468,859	\$37,376
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$241,386)	(\$338,440)	(\$431,483)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$1,062,637	\$1,024,819	
Accounts Receivable	-	20,250	
Payables	-	(67,903)	
Deferred Revenue	-	(18,948)	
Encumbrances	(13,952)	(150,919)	
Total Beginning Fund Balance	\$1,048,685	\$807,299	